

Legislative Fiscal Bureau

Fiscal Note

HF 627 - Mental Health & Substance Abuse Insurance Parity (LSB 3200 HV)
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Fiscal Note Version - New

Description

House File 627 creates Chapter 514C.21, Code of Iowa, and requires that a group policy, contract, or plan providing for third-party payment or prepayment of health, medical, and surgical expenses must provide coverage benefits for biologically based mental illness under the policy, contract, or plan, delivered, issued for delivery, continued, or renewed in Iowa on or after January 1, 2004.

Biologically based mental illness means a psychiatric illness including schizophrenia, bipolar disorders, obsessive-compulsive disorders, pervasive developmental disorders, and autistic disorders.

Assumptions

1. Total FY 2004 State employee Managed Care Organization (MCO) health and medical costs would be approximately \$63.4 million, not including members of the State Peace Officers Council, and employees on a Managed Care Organization (MCO) plan not on central payroll.
2. Total plan costs would increase an estimated 0.4% in FY 2004.
3. Six months of FY 2004 will be impacted.
4. Biologically based mental illness costs will increase at the same rate as other medical condition costs.
5. Only Managed Care Organization (MCO) premiums increase.
6. Wellmark plans have benefits equal to benefit levels provided in the Bill.
7. The FY 2004 costs will increase by 15.0% compared to FY 2003, without any changes in benefits.
8. The FY 2005 costs will increase by 15.0% compared to FY 2004, without any changes in benefits.
9. The General Fund share will be 53.0%, the federal share will be 35.0%, and the employee share will be 12.0%.
10. The amount paid by Medicaid for people who are suffering from biologically based mental illness, as defined in the Bill, because their private insurance does not provide sufficient coverage, is unknown.

Fiscal Impact

House File 627 would cost the General Fund an estimated \$134,000 in FY 2004 and \$155,000 in FY 2005.

The federal share of costs would increase by \$89,000 for FY 2004, and \$102,000 for FY 2005.

The employee share of the increase would be \$30,000 for FY 2004 and \$35,000 for FY 2005.

Sources

Department of Personnel
Wellmark Blue Cross and Blue Shield of Iowa

/s/ Dennis C Prouty

March 24, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
